

Message Text

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ORIGIN AF-08

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SUBJECT: VISIT OF NIGERIAN DELEGATION: TURNKEY DOCKYARDS/
JOINT VENTURE CONSTRUCTION

REF: A) LAGOS 13685; B) LAGOS 13610; C) LAGOS 13172;
D) LAGOS 13069

SUMMARY: FIVE-MAN NIGERIAN DOCKYARD DELEGATION VISIT TO
WASHINGTON DECEMBER 11-15 RESULTED IN AT LEAST TWO INVITA-
TIONS FOR U.S. FIRMS TO VISIT POTENTIAL CONSTRUCTION SITES
IN NIGERIA EARLY 1977 AND SUBMIT PROPOSALS THEREAFTER.
LEADER OF DELEGATION, MIN TRANSPORT PERMSEC IBIE PUBLICLY
CONFIRMED EMBASSY REPORT THAT JOINT VENTURE CONSTRUCTION
COMPANY CHOICE NOW BETWEEN U.S. AND QUOTE A LATIN AMERICAN
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NATION UNQUOTE. DEPARTMENT AND USAID SEE NO SCOPE FOR
COUNTRY-FINANCED SERVICES ASSISTANCE IN DOCKYARD PROJECT.

1. FMG QUOTE DOCKYARD DELEGATION UNQUOTE LED BY PERMSEC
C.O. IBIE TAKEN TO BETHLEHEM SHIPBUILDING FACILITY AT
SPARROWS POINT, MARYLAND ON DECEMBER 13 BY DRAVO CORP

PERSONNEL TO SEE SHIPBUILDING FACILITY CONSTRUCTED BY THAT FIRM FOR BETHLEHEM. AF/W OFFICER ACCOMPANIED TO SHIPYARD AND REMAINED WITH PARTY THROUGHOUT DAY. UNFORTUNATELY, FACILITY WHICH DRAVO BUILT FOR BETHLEHEM IS

FOR CONSTRUCTION OF VLCC'S IN 265,000 TON RANGE AND NOT OF SCOPE WHICH FMG HAS NEED FOR PRESENTLY (FMG LOOKING FOR FACILITY TO HANDLE REPAIRS OF SHIPS IN 20-25,000 TON RANGE). DELEGATION SAID IT LOOKING TOWARD UP GRADING THREE EXISTING REPAIR FACILITIES AT LAGOS, PORT HARCOURT, AND BURUTU WHICH PRESENTLY CAPABLE HANDLING UP TO 4,000 TON SHIPS AND EVENTUALLY (AFTER ESTABLISHMENT INDIGENOUS STEEL INDUSTRY) CREATING SHIPBUILDING FACILITY AT UNDISCLOSED SITE. IBIE SAID NIGERIAN FLEET PRESENTLY CONSISTS OF ABOUT 18 COASTAL VESSELS WHILE ANOTHER 15 VESSELS OF UNSPECIFIED TYPE ARE ON ORDER. IBIE REFUSED TO DIVULGE SOURCE OF SUPPLY. DELEGATION CONFIRMED IT HIGHLY INTERESTED NOT ONLY IN CONSTRUCTION OF REPAIR FACILITY BUT IN OPERATION OF FACILITY BY BUILDERS AND ON GOING TRAINING OF PERSONNEL ON TURNKEY BASIS. IBIE TALKED IN TERMS OF LUMP SUM CONTRACT WITH PROVISIONS FOR ESCALATIONS UNDER CERTAIN CONDITIONS.

2. BOTH DRAVO REPRESENTATIVE AND DEPTOFF ASKED IBIE STATUS OF JOINT VENTURE CONSTRUCTION CORPORATION. HIS REPLY WAS VAGUE, INTIMATING TO DRAVO THAT FIRM QUOTE HAD NO WORRIES UNQUOTE BUT TELLING STATE OFFICER THAT DECISION HAS YET TO BE FINALIZED. AT NIGERIAN EMBASSY RECEPTION FOLLOWING EVENING, IBIE STATED IN ADDRESS TO GUESTS THAT FMG HAS NARROWED CHOICE OF FOREIGN PARTNERS IN PROPOSED LIMITED OFFICIAL USE

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JOINT VENTURE TO U.S. AND LATIN AMERICAN NATION. COMMENT: FROM IBIE'S STATEMENTS TO BOTH DRAVO AND EMBASSY GATHERING IT APPEARS THAT ONLY U.S. FIRM STILL IN RUNNING IS DRAVO. IBIE TOLD DEPTOFF FINAL SELECTION TO BE DETERMINED SHORTLY, PERHAPS BEFORE CHRISTMAS.

3. ON DECEMBER 14, RAYMOND INTERNATIONAL HOSTED VISIT OF DELEGATION TO NEWPORT NEWS SHIPBUILDING SITE. WHILE NO USG REPRESENTATIVE ACCOMPANIED, AF/W OFFICER LEARNED FROM RAYMOND REPRESENTATIVES THAT THIS FIRM ALSO INVITED TO VISIT NIGERIA AND SUBMIT PROPOSALS. RAYMOND EQUALLY ENTHUSIASTIC TO COMPETE FOR CONTRACT BUT, LIKE DRAVO, VIEWS WINNING OF CONTRACT ONLY AS STEP IN RIGHT DIRECTION TOWARD BIGGER AND BETTER THINGS IN NIGERIA.

4. IBIE ASKED DRAVO TO SEND PERSONNEL TO LAGOS DURING OF LOGISTICAL PROBLEMS THAT WILL BE ENCOUNTERED DUE TO FESTAC. RAYMOND LIKELY VISIT IMMEDIATELY AFTER CLOSE

FESTAC AT IBIE SUGGESTION.

5. THIS PROJECT CLEARLY VIEWED BY DEPARTMENT AND USAID AS POTENTIAL COMMERCIAL VENTURE WITH NO PROSPECT CFS INVOLVEMENT. IBIE GAVE DISTINCT IMPRESSION HE KNOWS WHAT HE WANTS AND IS IN HURRY TO OBTAIN IT.

6. IN ADDITION TO U.S. VISIT, DELEGATION SPENT SEVERAL DAYS IN POLAND LOOKING AT DOCKYARDS AND DISCUSSING PROPOSALS WITH POLISH OFFICIALS (NO DETAILS AVAILABLE). AFTER DEPARTURE FROM U.S. ON DECEMBER 15, FOUR MEMBERS OF DELEGATION (NOT IBIE) PROCEEDED TO SINGAPORE FOR SIMILAR PURPOSES.
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